



Iowa Department of  
Administrative Services  
Human Resources Enterprise

# Retirement Investors' Club (RIC)



*Look forward to retirement!*



# Retirement Investors' Club (RIC)

RIC is a State of Iowa employer-sponsored *voluntary* retirement savings program designed to:

- supplement your pension & social security benefits
- reduce current income taxes & defer taxes on earnings



# Look *forward* to retirement

- How does RIC work?
- Why should I save?
- How do I invest?
- How do I enroll?
- Can I make changes?
- When can I withdraw?





## **RIC works like this...**

# **Employee contributions**

### **pretax deductions**

are taken from your paycheck & deposited into your selection of investments in your 457 account (minimum of \$25/month)



\*50+ Catch-Up cannot be used at the same time as the 3-Year Catch-Up



## RIC works like this...

## Employer contributions

### pretax deductions

are taken from your paycheck & deposited into your selection of investments in your 457 account (minimum of \$25/month)



### pretax contributions

from your employer are deposited into your selection of investments in your 401(a) account (does not reduce your 457 contribution limit)





## **RIC works like this...**

## **Vacation/sick**

No vesting required  
for either account

### **pretax deductions**

are taken from your paycheck & deposited into your selection of investments in your 457 account (minimum of \$25/month)



### **pretax contributions**

from your employer are deposited into your selection of investments in your 401(a) account (does not reduce your 457 contribution limit)



## **RIC works like this...**

# **Employee contributions**

You may defer wages up to the IRS annual limits below.

### **IRS Contribution Limits**

**Regular**

100% of compensation up to:

**\$ 16,500**

### **pretax deductions**

are taken from your paycheck & deposited into your selection of investments in your 457 account (minimum of \$25/month)



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## **RIC works like this...**

# **Employee contributions**

You may defer wages up to the IRS annual limits below.

### **IRS Contribution Limits**

<b>Regular</b> 100% of compensation up to:	<b>\$ 16,500</b>
<b>Age 50+*</b> the regular limit + \$5,500:	<b>\$ 22,000</b>

### **pretax deductions**

are taken from your paycheck & deposited into your selection of investments in your 457 account (minimum of \$25/month)







## RIC works like this...

# Employee contributions

Participants may defer **regular, vacation, and unused sick pay** (\$2,000) from their final paycheck, up to the annual limit.

### IRS Contribution Limits

#### pretax deductions

are taken from your paycheck & deposited into your selection of investments in your 457 account (minimum of \$25/month)



#### Regular

100% of compensation up to:

**\$ 16,500**

#### Age 50+\*

the regular limit + \$5,500:

**\$ 22,000**

#### 3-year Catch-up

up to twice the regular limit

**\$ 33,000**

\*50+ Catch-Up cannot be used at the same time as the 3-Year Catch-Up



## RIC works like this...

## Roll-ins

**Roll your previous government employer 457 plan into your RIC 457**

**Roll your previous private employer plan or IRA into your RIC 401(a)**

**pretax deductions**  
are taken from your paycheck & deposited into your selection of investments in your 457 account (minimum of \$25/month)



**pretax contributions**  
from your employer are deposited into your selection of investments in your 401(a) account (does not reduce your 457 contribution limit)

# Look *forward* to retirement

- How does RIC work?
- **Why should I save?**
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# Why should I save?

- Employer match
- Supplemental income
- Tax advantages
- Future uncertainties





## Why save?

## Employer match

The State contributes \$1.00 for every \$1.00 you contribute, up to a maximum of \$75 dollars.

To receive the maximum match amount, you must contribute \$75/mo.



THAT'S FREE  
MONEY!

You must be contributing in a month to get that month's match contribution







## Why save?

## Employer match

<b>Monthly deduction</b>	\$25.00 pretax cost \$20.00	\$ 75.00 pretax cost \$60.00	\$150.00 pretax cost \$120.00
<b>Pretax savings benefit*</b>	<b>+5.00</b>	<b>+15.00</b>	<b>+30.00</b>
<b>Match contribution</b>	<b>+25.00</b>	<b>+75.00</b>	<b>+75.00</b>
<b>Total contributions</b>	<b>\$ 55.00</b>	<b>\$165.50</b>	<b>\$255.00</b>



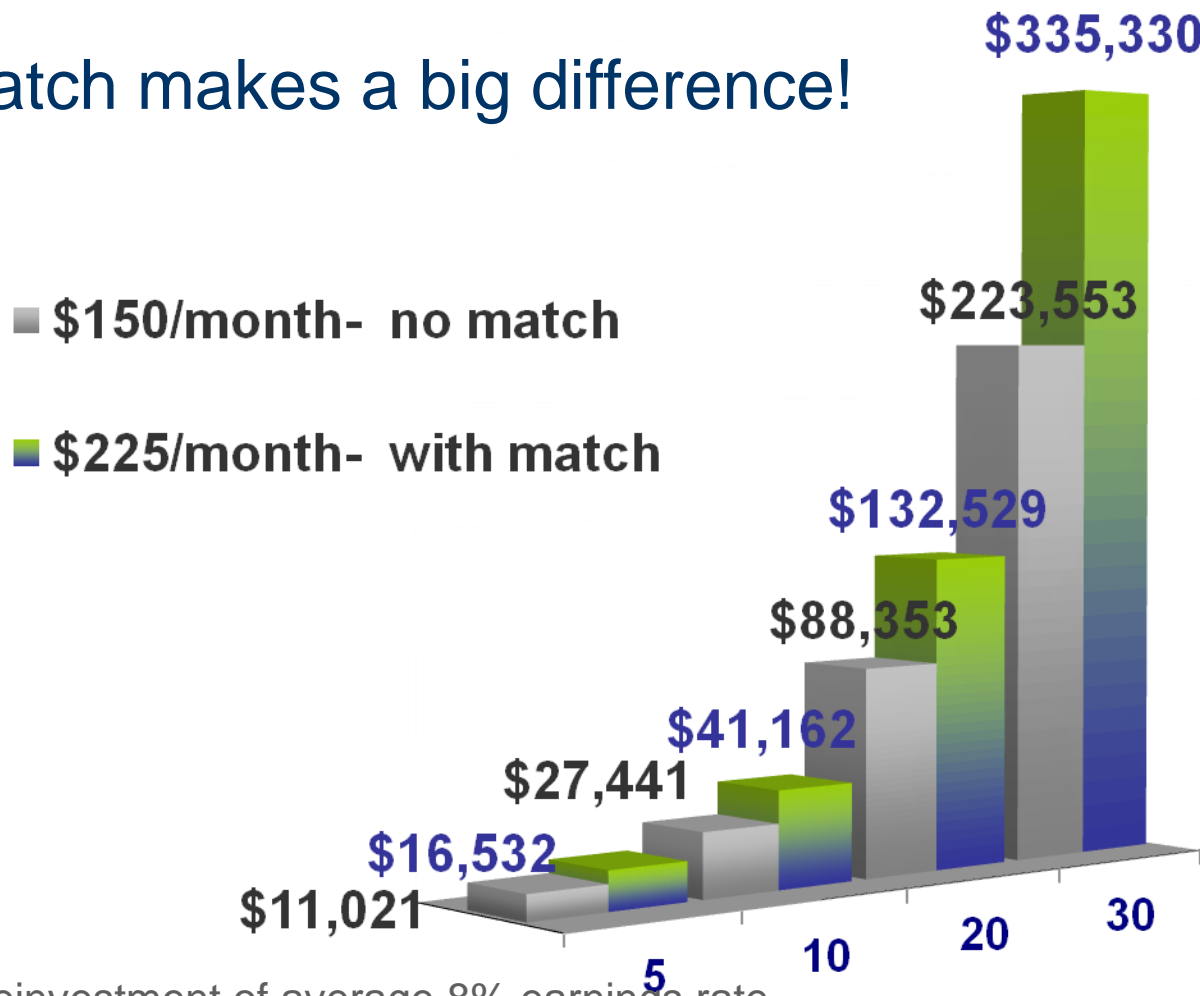
\*Assumes a 20% tax bracket



## Why save?

## Employer match

The match makes a big difference!



Assumes reinvestment of average 8% earnings rate.



## Why save?

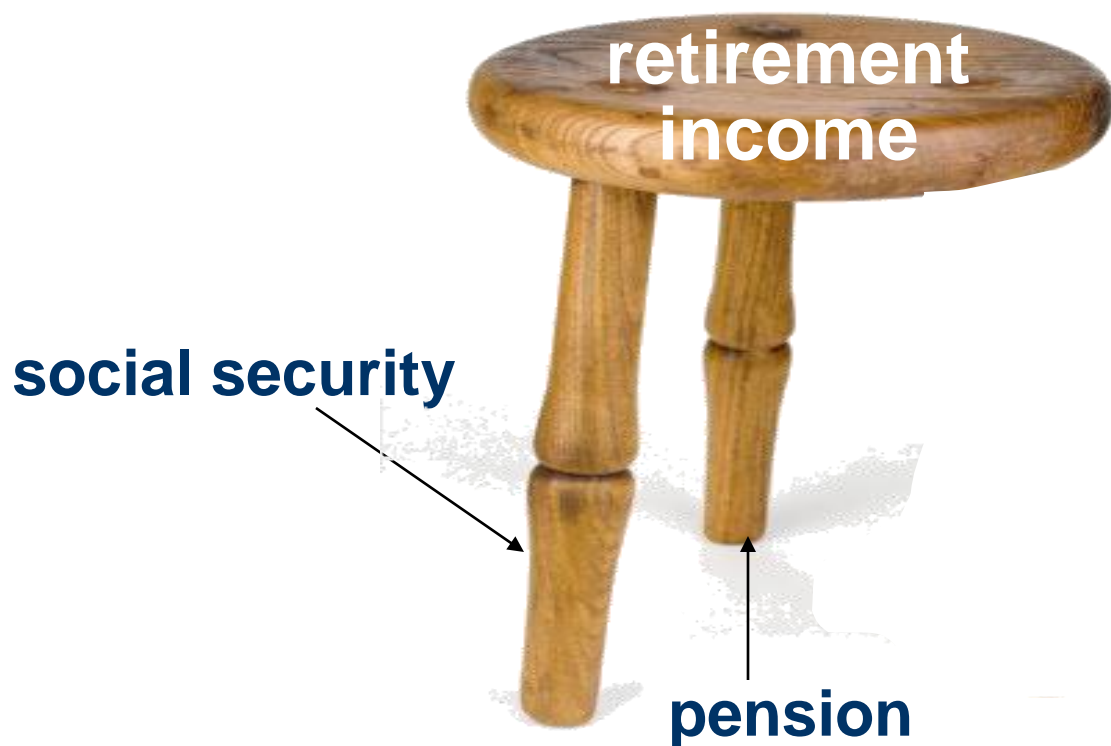
# Retirement income





## Why save?

# Retirement income



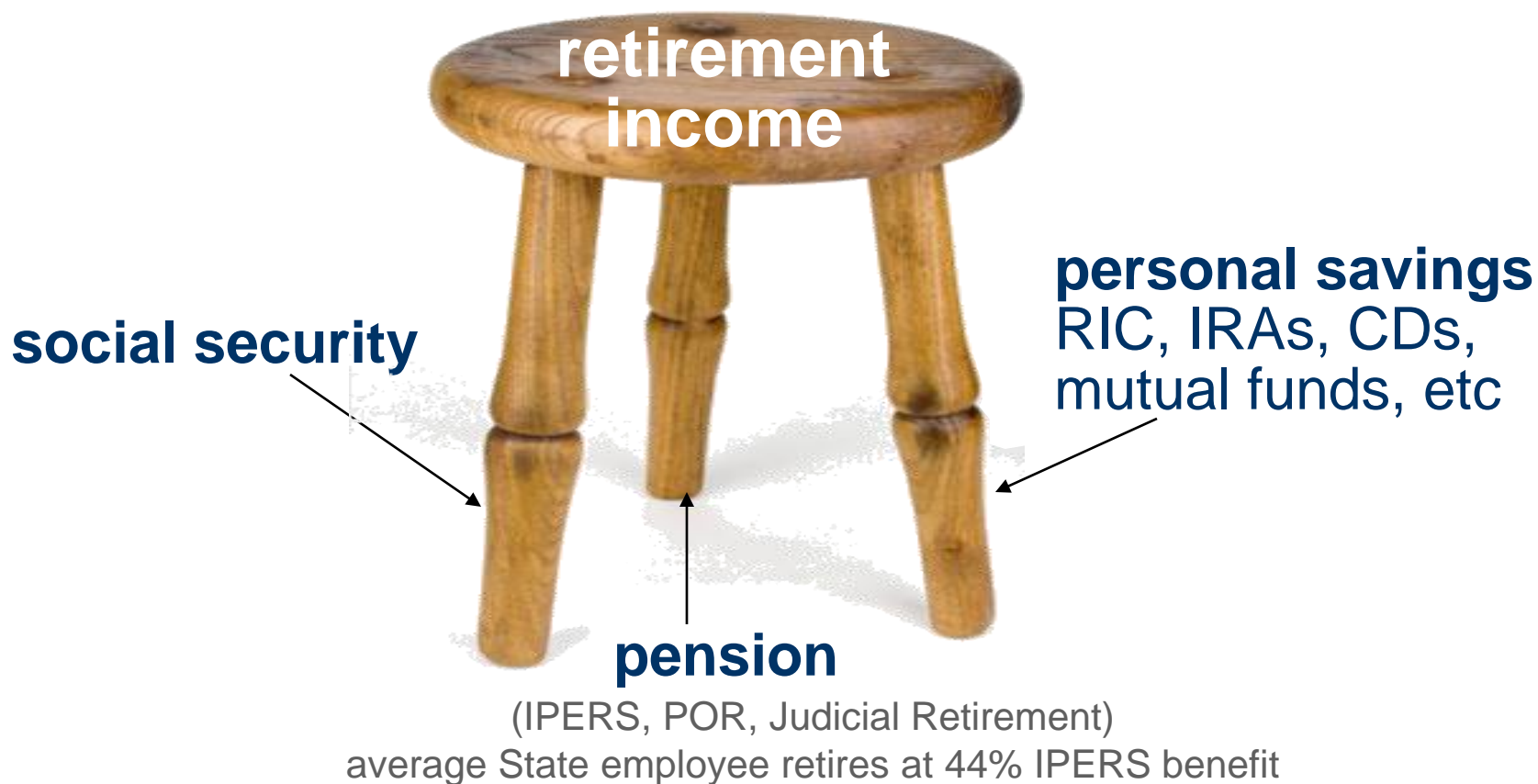
(IPERS, POR, Judicial Retirement)

average State employee retires at 44% IPERS benefit



## Why save?

# Retirement income







## Why save?

## Tax advantages

### Pretax contributions

The amount you deduct from your paycheck is not reported to the IRS as taxable income.

### Example

Your 2008 wages are:	\$38,000
Your RIC contributions are:	\$3,000
The IRS sees taxable income of:	\$35,000





## Why save?

## Tax advantages

### Pretax contributions (saving \$75/mo after & before taxes)

After-tax savings	
Bi weekly wage	\$ 1,730.40
FICA/medicare	\$ (132.37)
IPERS	\$ (67.49)
<hr/>	
<b>Taxable pay</b>	<b>\$ 1,530.54</b>
Credit Union	\$ (75.00)
Federal tax	\$ (261.73)
State tax	\$ (83.74)
<hr/>	
<b>Take-home pay</b>	<b>\$ 1,110.07</b>

RIC pretax savings	
Bi weekly wage	\$ 1,730.40
FICA/medicare	\$ (132.37)
IPERS	\$ (67.49)
RIC savings	\$ (75.00)
<hr/>	
<b>Taxable pay</b>	<b>\$ 1,455.54</b>
Federal tax	\$ (242.98)
State tax	\$ (79.92)
<hr/>	
<b>Take-home pay</b>	<b>\$ 1,132.64</b>



## Why save?

## Tax advantages

### Retirement Savings Contribution Credit

You may be eligible for up to a \$2000 credit against taxes owed.

Your adjusted gross income determines your credit amount & must not exceed:

\$53,000 for joint filers

\$26,500 for single filers





## Why save?

## Future uncertainties

### Social Security

- 1945 42 workers paid into the system for every 1 retiree taking benefits
- 1993 3 workers paid into the system for every 1 retiree taking benefits
- 2030 projects 2 workers will pay into the system for every 1 retiree taking benefits

Source: Social Security Administration Trust Fund Report, April 2006



## Why save?

## Future uncertainties

### Healthcare costs

Total cost of  
insurance for  
state of Iowa  
retirees



**1993**

single     \$171.44

family     \$450.54

Rates quoted are for retirees under age 65 with Program 3 Plus from Wellmark





## Why save?

## Future uncertainties

### Healthcare costs

Total cost of  
insurance for  
state of Iowa  
retirees



	1993	2008
single	\$171.00	\$ 643.00
family	\$450.00	\$1,505.00

Rates quoted are for retirees under age 65 with Program 3 Plus from Wellmark



## **Why save?**

## **Future uncertainties**

### **Inflation rate**

Inflation = the loss of purchasing power, over time, due to a general rise in the cost of living





## Why save?

## Future uncertainties

### Inflation rate

cost of  
phone call



cost of a  
stamp



average cost of  
a car



---

**1973**

**10¢**

**8¢**

**\$ 3,930**

---

**2008**

**50¢**

**41¢**

**\$ 28,000**



# Look *forward* to retirement

- How does RIC work?
- Why should I save?
- **How do I invest?**
- How do I enroll?
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# How do I invest?

- Investment options
- Investor profiles
- Investment strategies







## How do I invest?

## Investment options

The **Retirement Investors' Club (RIC)** authorizes 4 investment firms to offer multiple investments.



- All offer a variety of diversified investments
- All allow transfers without fees or penalties





# How do I invest?

## Investment options

### Investment Options

Inv Category	Type of Inv	Provider A	Provider B
Principal Protection	Stable Value	Gen "Declared Interest" Acct	Fixed Account 457
	Money Market		
Fixed Income Funds	Government	Mortgage Securities HLS PIMCO Real Return	GNMA Income
	Interm-Term	Total Return Bond HLS	Fidelity VIP Inv Grar
	High Yield	Goldman Sachs High Yield	American Funds H
Balanced Funds	Traditional	Oakmark Equity and Income	American Funds PAX World Balan.
Core Stock Funds	S&P 500 Index	SSgA S&P 500 Flagship	Vanguard
	Lg Cap Value	Hotchkis & Wiley Large Cap Value	Pion
	Lg Cap Blend	Neuberger Berman Socially Responsive Capital Appreciation HLS	Fid
	Lg Cap Growth	Am Funds Growth Fund of America R4	Am
Aggressive Stock Funds	Mid Cap Value	Artisan Mid Cap Value	
	Mid Cap Blend	SSgA S&P Mid Cap Index RS Value	
	Mid Cap Growth	Munder Mid Cap Core Growth	
	Sm Cap Value	American Century Small Cap Value	
	Sm Cap Blend	SSgA Russell 2000 Index Lord Abbett Small Cap Blend	
	Sm Cap Growth	Baron Small Cap	
	Global Stock (includes US)	Templeton Growth	

Each provider offers a variety of 20+ investment options in various categories.

Funds are managed by top-performing managers.

*Provider  
Summary*



## How do I invest?

## Investment options

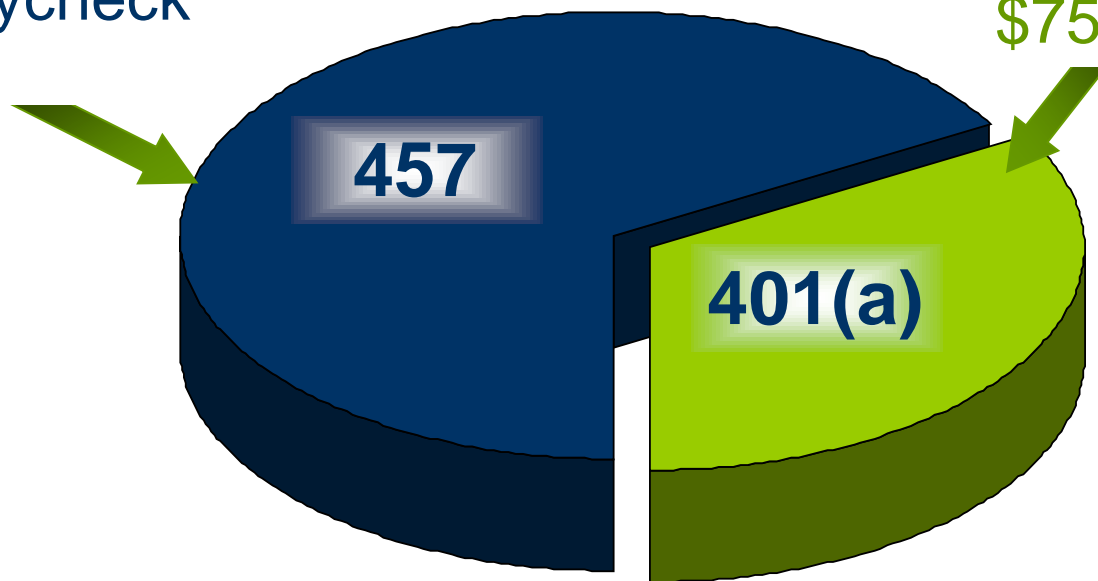
Category	Objective
Principal protection	Safety
Fixed Income funds	Income
Balanced funds	Balance
Core stock funds	Growth
Aggressive stock funds	Growth- Agg
International funds	Growth- Agg
Target date/Lifestage funds	Asset Mgmt
Self-directed brokerage	Add Selection



## How do I invest?

## Example

You contribute  
**\$150/mo\*** from  
your paycheck  
pretax



Your employer  
contributes  
**\$75/mo** pretax

\* For illustrative purposes only. Monthly contribution may be as little as \$25/mo.



# How do I invest?

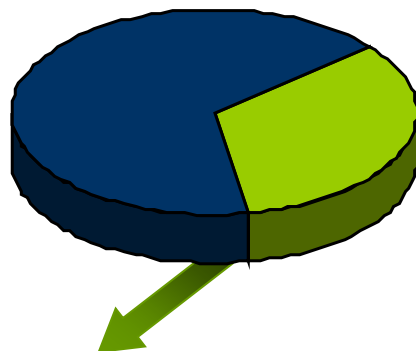
## Example

This example results in \$225/month for you to invest in one or many investments best suited for your goals.



**low risk**

fixed rate accounts,  
money market funds





# How do I invest?

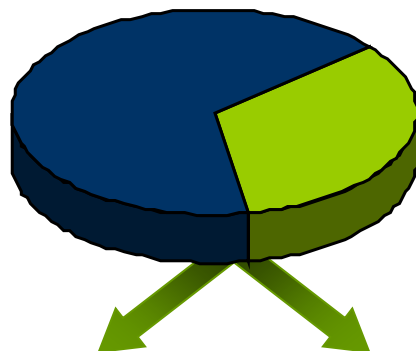
## Example

This example results in \$225/month for you to invest in one or many investments best suited for your goals.



### low risk

fixed rate accounts,  
money market funds



### medium to high risk

bond funds    target date funds  
US funds    stock funds  
international funds    balanced funds







## How do I invest?

## Investment options

- Fixed rate accounts
- Mutual funds/variable annuity funds





## How do I invest?

## Investments-fixed

### Fixed Rates

- Your provider buys a variety of debt investments & earns an average rate (say 6.0%).
- They subtract their costs & give you a portion of that rate (say 4%) for fixed period of time.
- Your principal amount does not fluctuate.



Providers may offer a minimum rate guarantee. In RIC these minimum rates range from 2% to 4%.



## How do I invest?

## Investments-variable

### Variable Rates (mutual funds)

- Professionally managed investment
- Value fluctuates with the performance of the investments held in the fund
- You may sell at any time, but the price of a share may be up or down



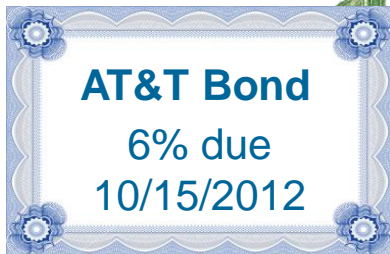


## How do I invest?

## Investments-variable

### Individual investments

You must research and decide when to buy, sell, and trade them yourself





## How do I invest?

### Individual investments

You must research and decide when to buy, sell, and trade them yourself



## Investments-variable

### Managed investments

Professional managers research multiple investments and transact on your behalf







## How do I invest?

## Investments-variable

### Fund (variable or mutual)

A pool of securities (stocks, bonds, cash)  
professionally managed to meet a common savings objective







## How do I invest?

## Investments-variable

### A fund manager:

- abides by the parameters and objectives of the fund they manage
- decides what securities to buy, hold, sell
- is paid to manage the account



Every two weeks your payroll deduction is sent to your provider who then deposits your money into the funds you have chosen.





## How do I invest?

## Investments-variable

### Fund shares

Your contributions buy shares of a multi-million-dollar portfolio along with thousands of investors





## How do I invest?

## Investments-variable

### Fund holdings

Your shares  
buy a portion of  
all the  
investments  
(20-500+) held  
in the fund





## How do I invest?

## Investments-variable

### Share purchase

Fund shares are bought at a specific price per share. The price is quoted at the close of market daily.

### Example

Date	01/10
purchase amount	\$200
price per share	\$25
shares owned	8
value	\$200



## How do I invest?

## Investments-variable

**Share price** may fluctuate daily

Date	01/10	01/14	01/17	01/21	01/24	01/31
purchase amount	\$200					
price per share	\$25	\$23	\$21	\$20	\$20	\$28
shares owned	8	8	8	8	8	8
value	\$200	\$184	\$168	\$160	\$160	\$224



## How do I invest?

## Investments-variable

**Share value** may fluctuate daily

Date	01/10	01/14	01/17	01/21	01/24	01/31
purchase amount	\$200					
price per share	\$25	\$23	\$21	\$20	\$20	\$28
shares owned	8	8	8	8	8	8
value	\$200	\$184	\$168	\$160	\$160	\$224





## How do I invest?

## Investments-variable

You do not loose shares unless you sell

Date	01/10	01/14	01/17	01/21	01/24	01/31
purchase amount	\$200					
price per share	\$25	\$23	\$21	\$20	\$20	\$28
shares owned	8	8	8	8	8	8
value	\$200	\$184	\$168	\$160	\$160	\$224



## How do I invest?

## Investments-variable

You're buying every 2 weeks...

Date	01/10	01/14	01/17	01/21	01/24	01/31
purchase amount	\$200					
price per share	\$25	\$23	\$21	\$20	\$20	\$28
shares owned	8	8	8	8	8	8
value	\$200	\$184	\$168	\$160	\$160	\$224



## How do I invest?

## Investments-variable

What price looks better now?

**SALE**

Date	01/10	01/14	01/17	01/21	01/24	01/31
purchase amount	\$200				\$200	
price per share	\$25	\$23	\$21	\$20	\$20	\$28
shares owned	8	8	8	8	8+10	18
value	\$200	\$184	\$168	\$160	\$360	\$224



# How do I invest?

## Investments-variable

There are many **types of mutual funds** with different objectives and levels of risk



Large Company  
Stock Fund

mod aggressive

Balanced  
Fund

moderate

International  
Fund

aggressive

Money  
Market Fund

conservative

\*Rate used is for illustrative purposes only.

# How do I invest?

- Investment options
- **Investor profiles**
- Investment strategies







## How do I invest?

What is  
your  
objective?



## Investor profiles

Safety  
Income



Income & growth  
Growth



Aggressive growth  
International exposure  
Retirement horizon  
Selection



**2025**

5,000 mutual funds,  
stocks & bonds





## **How do I invest?**

## **Investor profiles**

### **“How much will I earn?”**

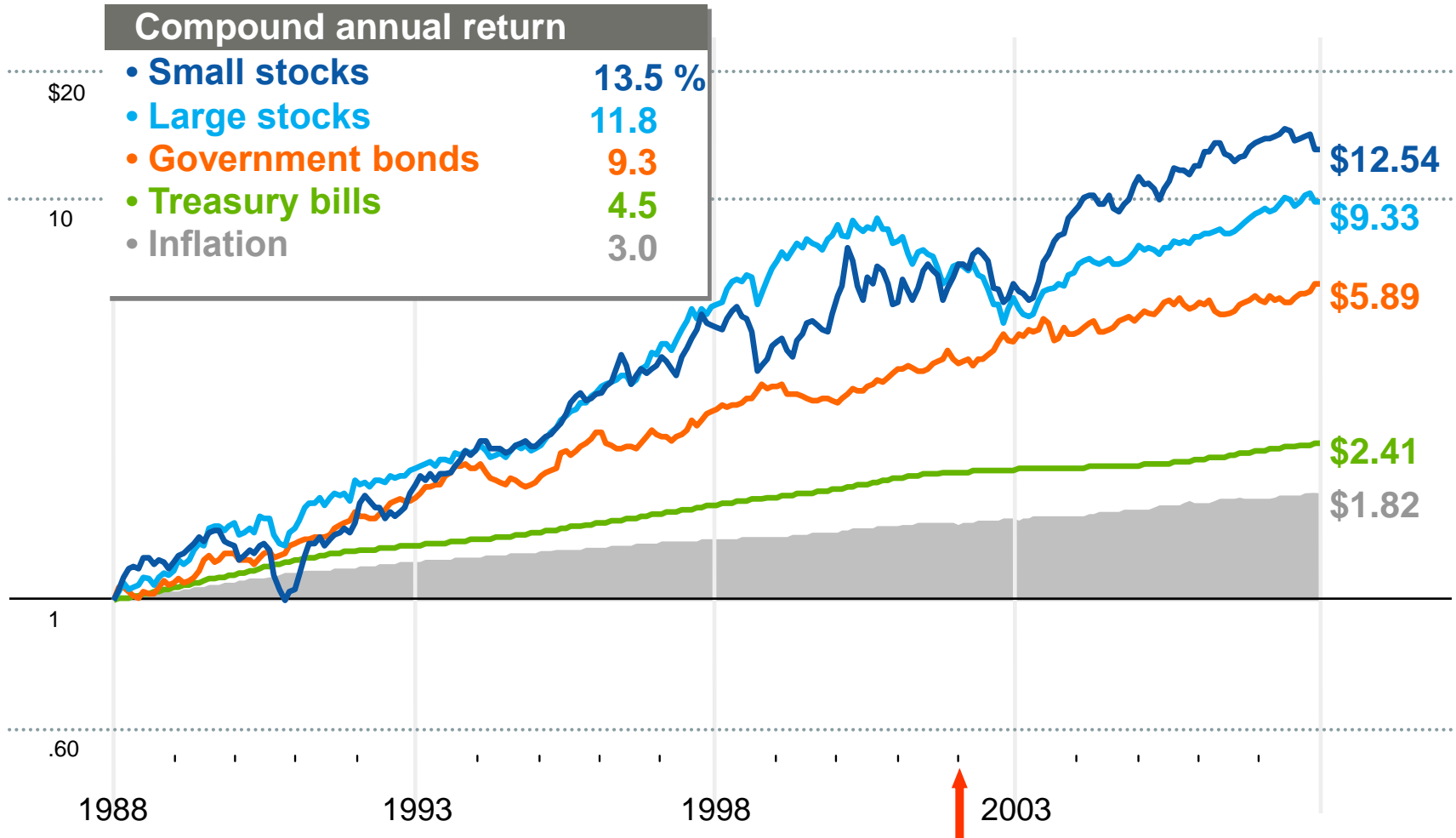
- The answer largely depends on what type of investor you are
- Variable returns are not guaranteed. Historical performance is no guarantee of future results
- Historically, the average rates of return have been as follows:





# How do I invest?

## Stocks, Bonds, Bills, & Inflation 1988–2007

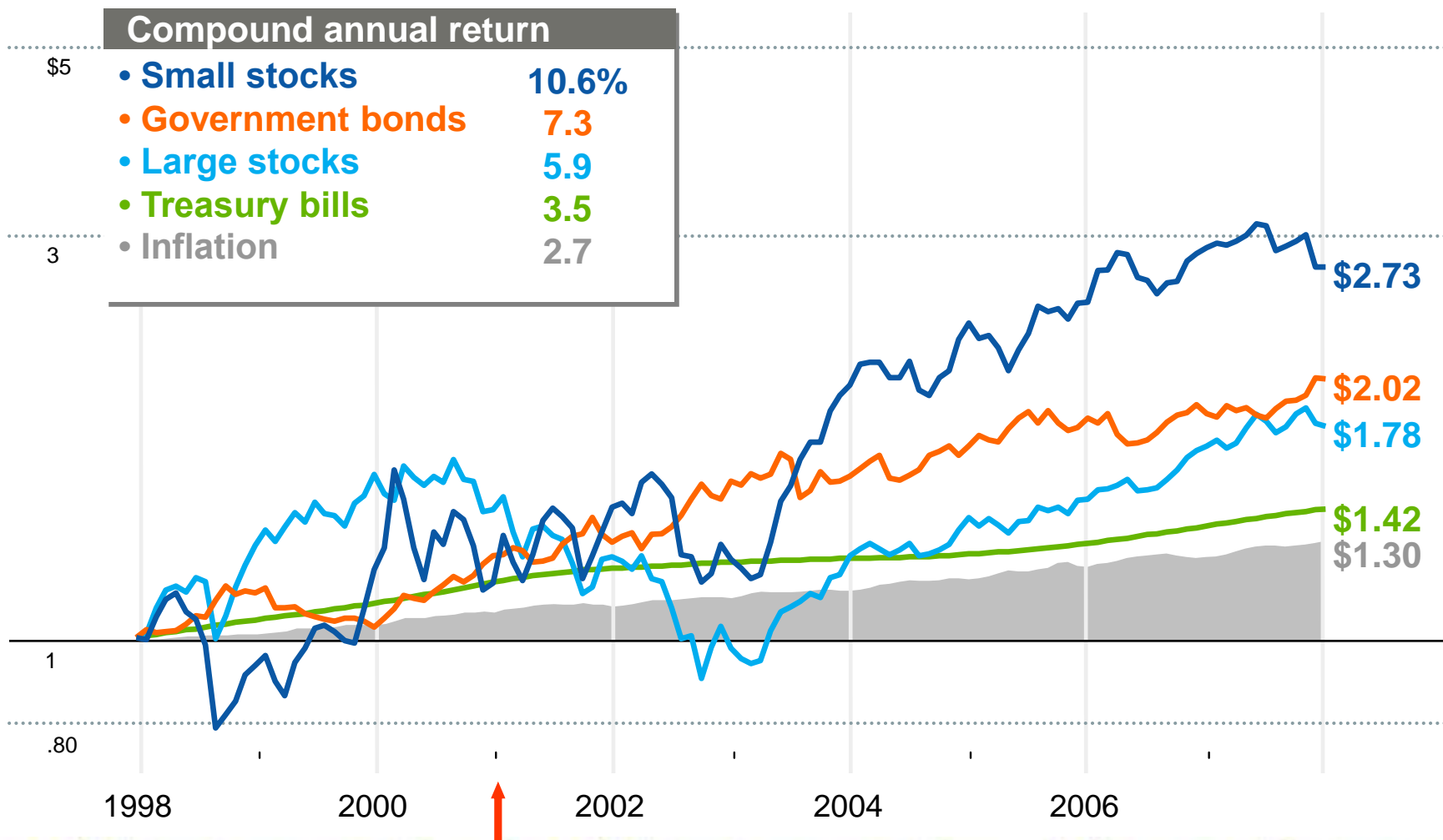


Past performance is no guarantee of future results. Hypothetical value of \$1 invested at the beginning of 1926. Assume reinvestment of income and no transaction costs or taxes. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index. © 2008 Morningstar, Inc. All rights reserved. 3/1/2008



# How do I invest?

## Stocks, Bonds, Bills, & Inflation 1998–2007



Past performance is no guarantee of future results. Hypothetical value of \$1 invested at the beginning of 1926. Assume reinvestment of income and no transaction costs or taxes. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index. © 2008 Morningstar, Inc. All rights reserved. 3/1/2008



## How do I invest?

## Investor profile

- Providers have a **questionnaire** to help you establish your investment style.
- Your **honest answers** are very important.
- Your style of investing might **change over time**.
- Your **provider can help** you decide if changes should be made.





# How do I invest?

## Investor profile (sample)

### Financial Goals

1. I do not need current income. I'm interested in long-term growth.
2. I have savings for large expenses.
3. I am concerned about the effects of inflation on my investments.

### Risk Tolerance

4. I can tolerate sharp ups & downs in the value of my investments.
5. I prefer an investment with a 50% chance of losing 5% & a 50% chance of gaining 20% in 1 year, to an investment yielding 5% fixed.
6. I am comfortable with an investment that drops sharply in value.
7. I am willing to take the risks associated with stocks to beat inflation.
8. I know about the risks and potential returns of stock investments.

### Time Horizon

9. How long before you will use your money? 15+, 10+, 5+, less than 5
10. I am willing to wait 10 years to see the returns I expect.

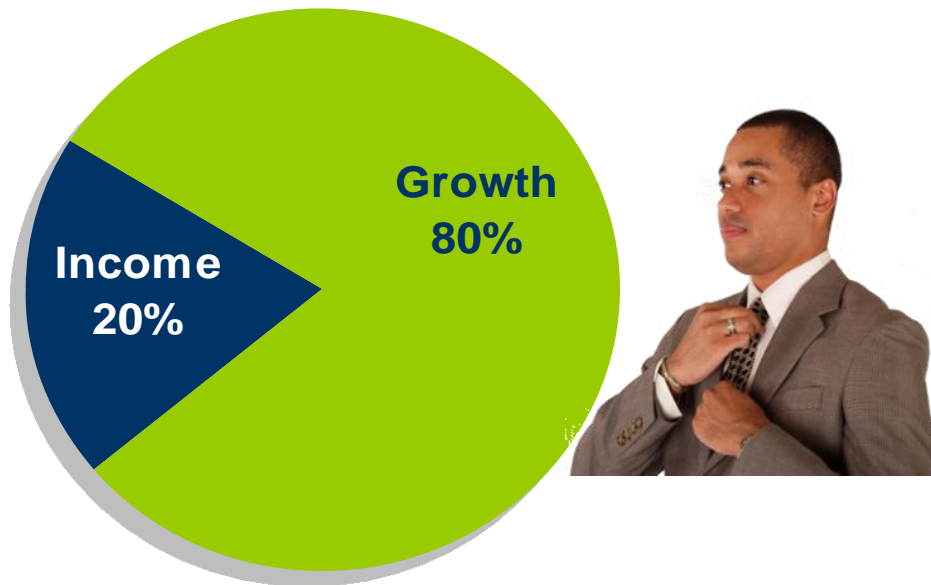




## How do I invest?

## Investor profile

Determine **what goals** you intend your money to meet



### Growth portfolio

For illustrative purposes only.



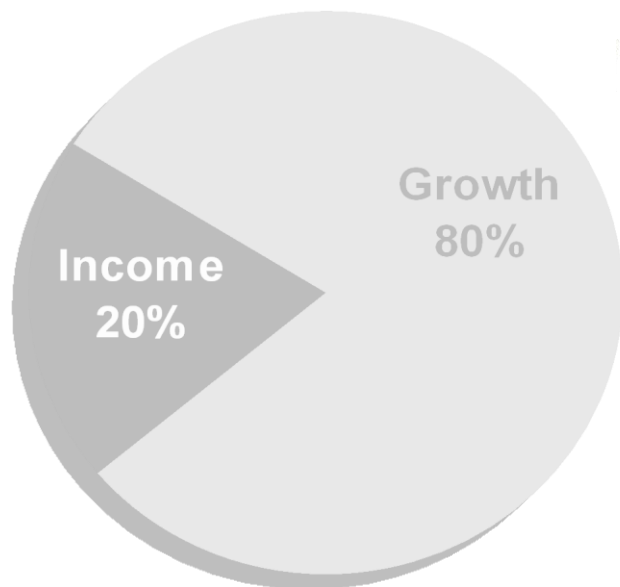




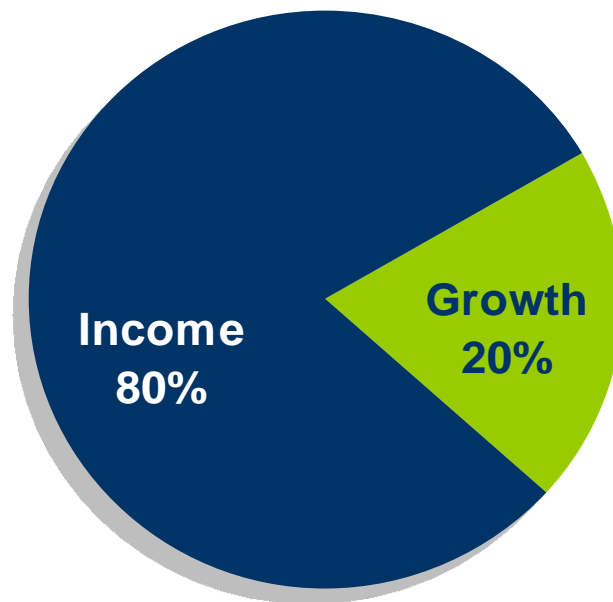
## How do I invest?

## Investor profile

As your **goals** change, your investment may too.  
Your provider can help you decide.



Growth portfolio



Income portfolio

For illustrative purposes only.



## How do I invest?

## Investor profile

### Determine your **risk tolerance**

- Knowing how you feel about risk will help you select appropriate investments.
- Provider **representatives will help** you determine your tolerance for risk.
- Your risk **tolerance may change**. Your provider can help you adjust your investments accordingly.





## How do I invest?

## Investor profile

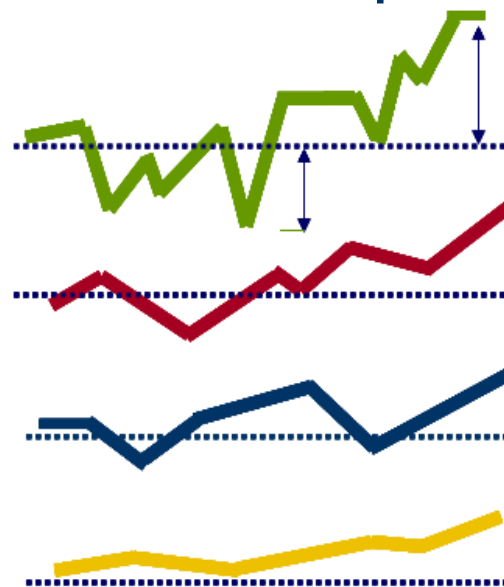
Be aware of the **risks** associated with various investments. Ask your provider to explain them.

sm co stock funds, int'l funds

lg co stock funds, growth & income funds

corp bond funds, income funds, balanced funds

US gov't bond funds, fixed rate accounts, money mkt funds



US treasury bonds, CD's or money markets at an  FDIC insured bank, savings bonds, savings, checking



## How do I invest?

## Investor profile

Determine **how long** your money will be invested

- **Need it now?** May need to be liquid without risk.
- **Not for a few years?** May need growth potential to keep principal value over time.
- **Your timeframe may change.** Your provider can help you adjust your investments accordingly.





# How do I invest?

## Investor profile



Your answers will help you determine what type of investor you are.

	Aggressive	Moderately Aggressive	Moderate	Moderately Conservative	Conservative
Goal	Max growth	High growth	Steady growth	Safety & growth	Safety
Risk tolerance	Substantial	Substantial	Substantial	Limited	None
Possible timeframe	20+ years	10-20 years	10-15 years	Less than 10 years	Less than 5 years
Short-term loss	No problem	No problem	Not sure	Don't like it	Absolutely not!



# How do I invest?

- Investment options
- Investor profiles
- Investment strategies







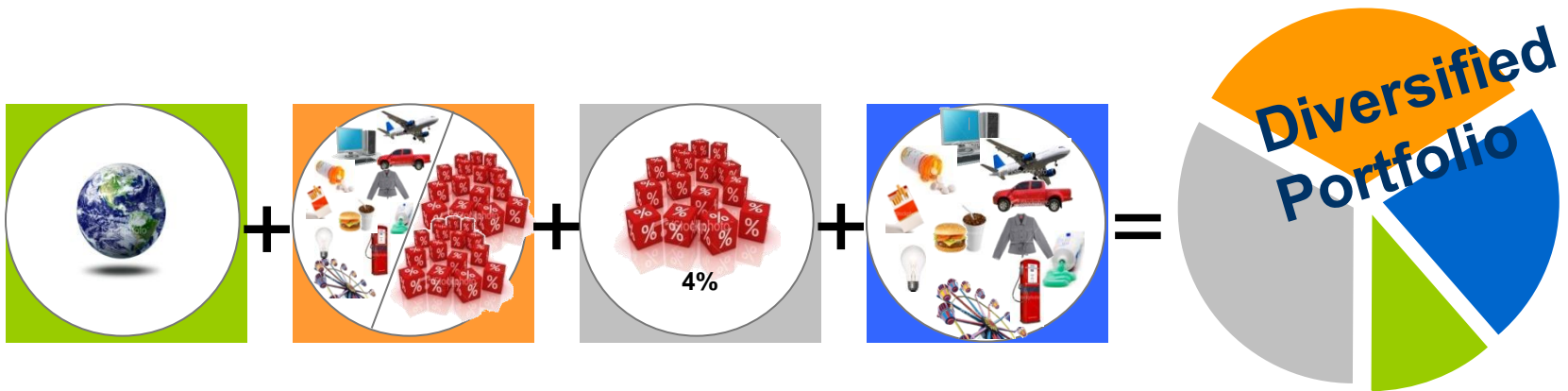
# How do I invest?

## Investment strategies

### Diversify

Spread your investment dollars among a **mix of investments** to help you meet your retirement goals—

- reducing risk
- maximizing returns



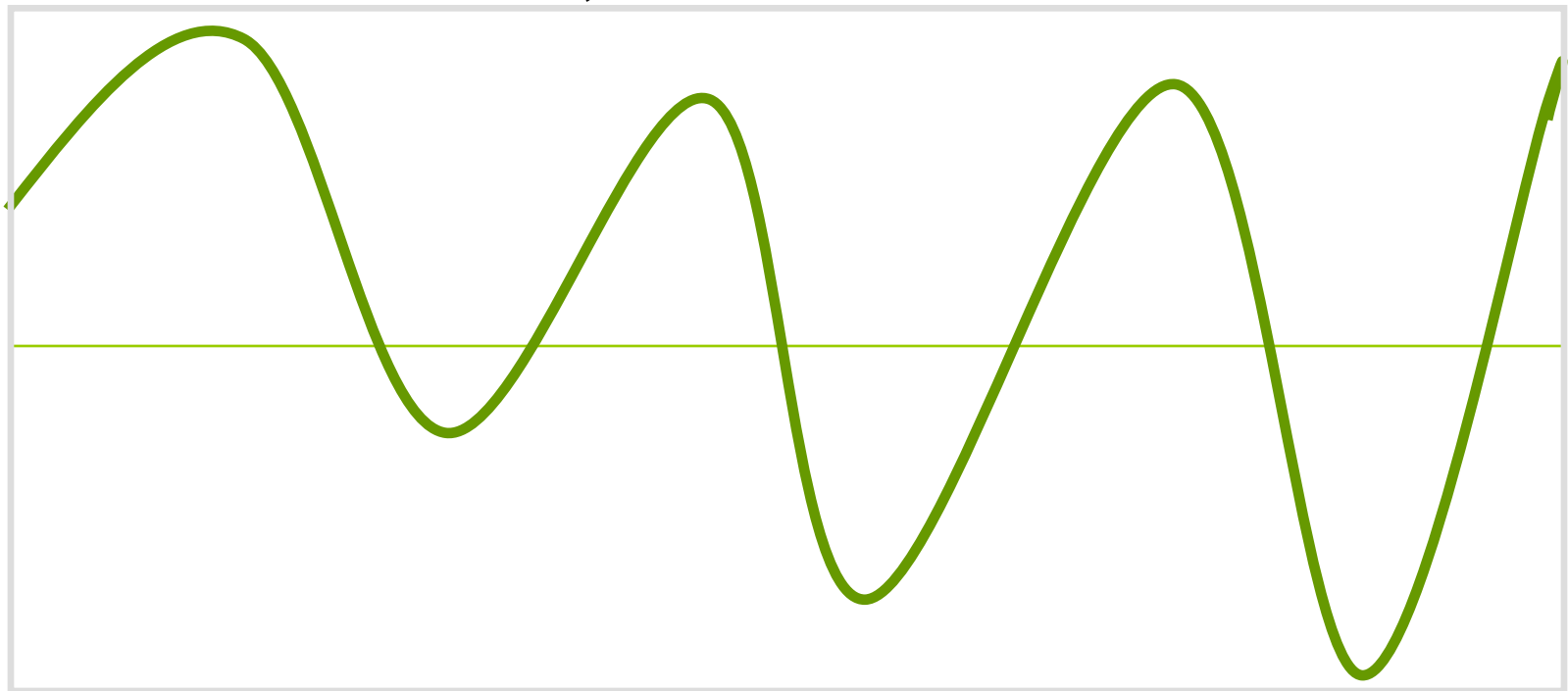


**How do I invest?**

# Investment strategies

## Diversify

— Suntan Lotion, Inc.

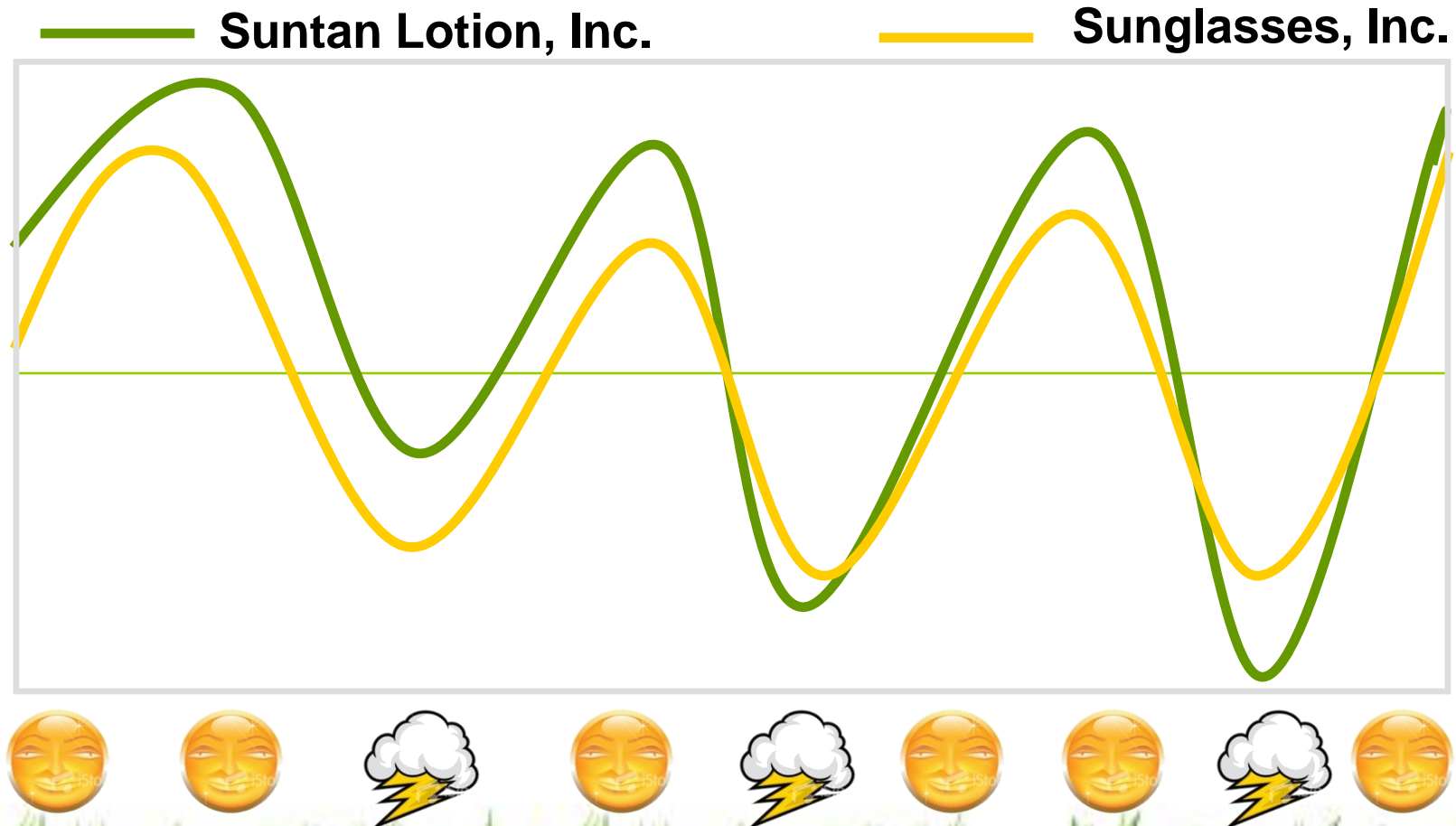




## How do I invest?

# Investment strategies

## Diversify



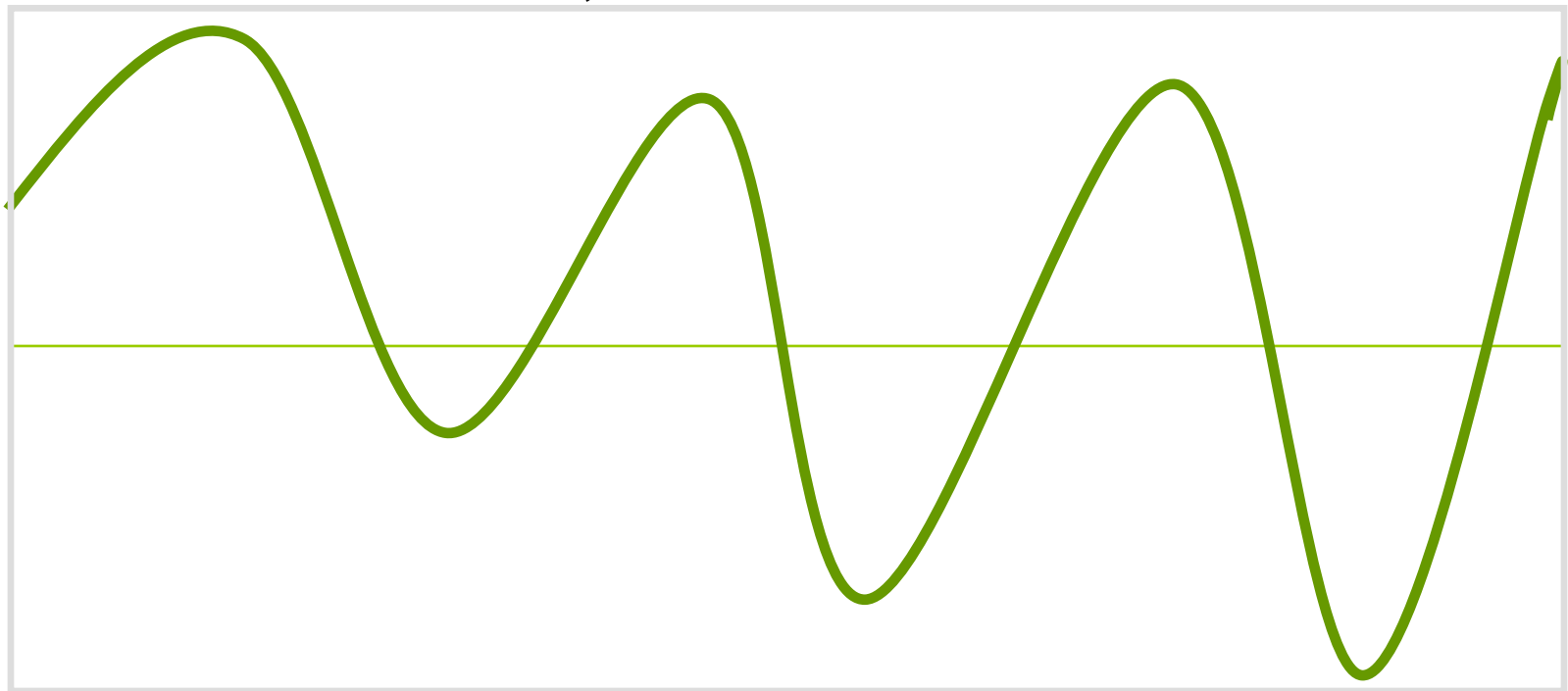


**How do I invest?**

# Investment strategies

## Diversify

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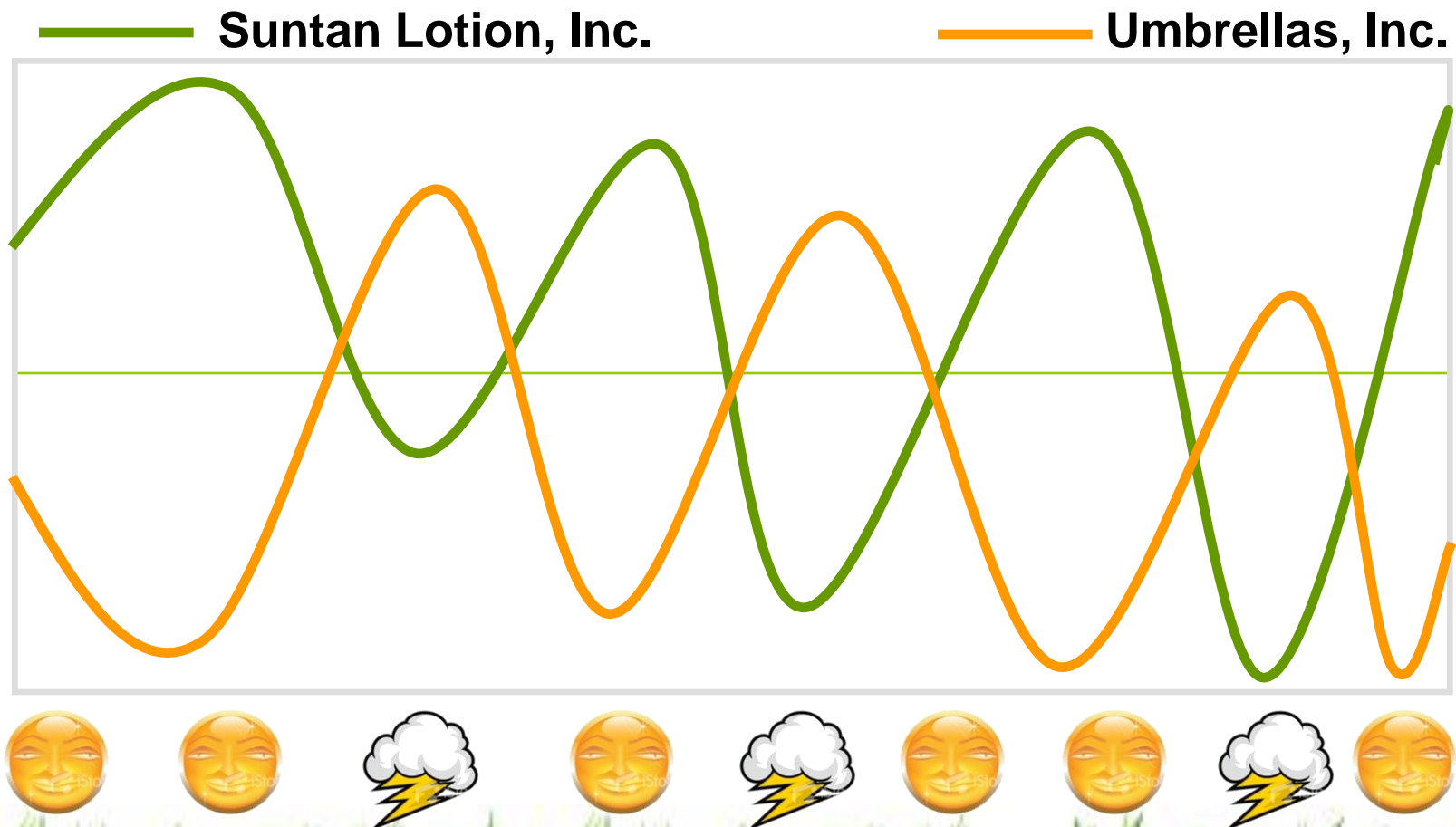




## How do I invest?

# Investment strategies

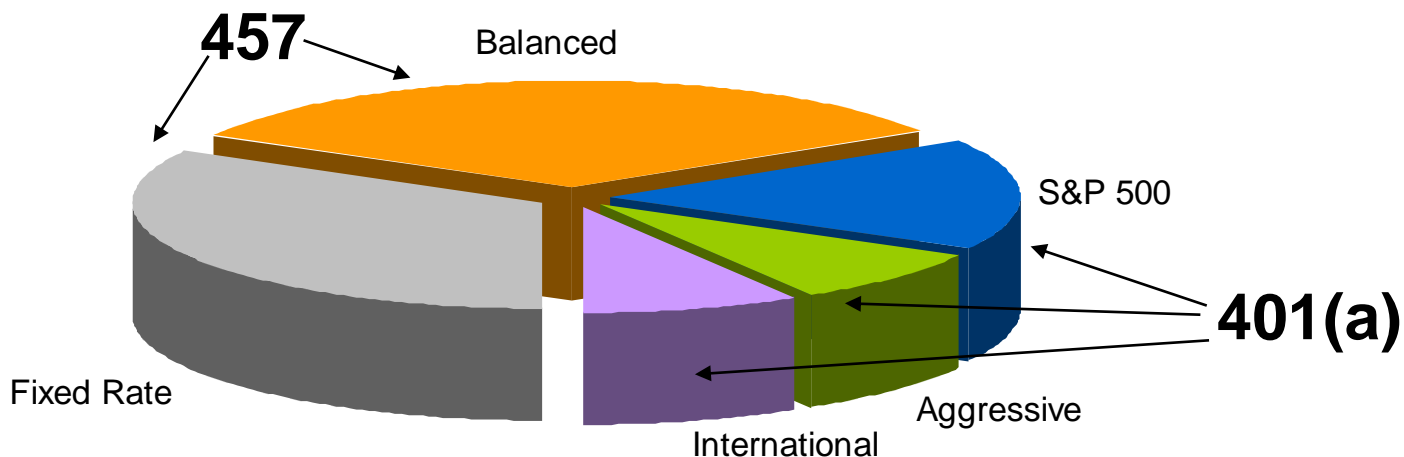
## Diversify





## How do I invest?

# Investment strategies



### 457-\$150/month

- 50% Balanced (\$75/mo)
- 50% Fixed Income (\$75/mo)

### 401(a)-\$75/month

- 50% S&P 500 (\$32.50/mo)
- 25% Aggressive (\$16.25/mo)
- 25% International (\$16.25/mo)

For illustrative purposes only-not a recommended investment portfolio





## How do I invest?

# Investment strategies

**Review your investments**-ask your provider to help!

Money market at bank  
Credit Union savings account  
CD at bank  
Savings bonds/safety deposit box  
Annuity with insurance company  
RIC account  
IRAs  
Spouse's 401(k)  
Stocks in a brokerage account  
Mutual funds at investment firm

Consider your  
*total*  
invested  
assets



# Look *forward* to retirement

- How does RIC work?
- Why should I save?
- How do I invest?
- **How do I enroll?**
- Can I make changes?
- When can I withdraw?



# How do I enroll?

Enrollment is **ALWAYS** open!

- Choose a provider
- Decide savings amount
- Choose investments & complete applications





## How do I enroll?

## Complete applications

Each provider has an **enrollment kit** that includes:

- Applications & payroll deduction form
- Investment information
- Processing instructions





# How do I enroll?

# Choose a provider



**Look  
forward to  
retirement!**

Iowa Department of Administrative  
**Retirement Investors' Club**

## 457/401a Provider Summary

Retirement Investors' Club investment providers have all the investment information & applications you need to choose your investments & get your deduction started. To choose a provider, ask your participating co-workers which providers give your location good service or call the providers about their products & services (see sample questions below). Ask a provider to meet with you right away and start getting the employer ma

			 Nationwide Retirement Solutions	
<b>Phone</b>	800-424-2825 x47627	800-555-1970 515-698-7973	877-677-3678, option 1, option 2	515-267-1099 800-945-6763
<b>Website</b>	<a href="http://www.retire.hartfordlife.com/iowa/">www.retire.hartfordlife.com/iowa/</a>	<a href="http://www.ingretirementplans.com/custom/iowa">www.ingretirementplans.com/custom/iowa</a>	<a href="http://www.nationwideiowado.com">www.nationwideiowado.com</a>	<a href="http://www.valic.com/iowa">www.valic.com/iowa</a>
<b>Credit Rating</b>	A+ Credit Rating	A+ Credit Rating	A+ Credit Rating	A Credit Rating
<b>Product Name</b>	DC Plus	ING Gov Custom Choice Blend	Nationwide Retirement Solutions	Retirement Services
<b>Investment Options</b>	Fixed Rate Account 28 Variable Rate Funds Self-directed Brokerage Option	Fixed Rate Account 24 Variable Rate Funds Self-directed Brokerage Option	Fixed Rate Account 22 Variable Rate Funds Self-directed Brokerage Option	Fixed Rate Account 23 Variable Rate Funds Self-directed Brokerage Option
<b>Investment Planning Tools</b>	Morningstar Guidance	Income Wizard Online Investor Profile	Ibbotson Asset Allocation Morningstar Guidance & Advice Online Investor Profile	Guided Portfolio Account Aggregation
<b>Restrictions</b>	None	None	5-yr restriction on fixed rate account while employed	None
<b>Account Information</b>	24/7 phone & internet access Quarterly statements	24/7 phone & internet access Quarterly statements	24/7 phone & internet access Quarterly statements	24/7 phone & internet access Quarterly statements
<b>Options at Retirement</b>	Variety of flexible payment options no penalties or restrictions	Variety of flexible payment options no penalties or restrictions	Variety of flexible payment options no penalties or restrictions	Variety of flexible payment options no penalties or restrictions

### Ask the provider...

- As a state of Iowa employee how do

### Notes







## How do I enroll?

## Choose a provider

These **providers** meet competitive bid requirements and undergo annual investment reviews.

**VALIC**



- |                                   |                                   |                                    |                                   |
|-----------------------------------|-----------------------------------|------------------------------------|-----------------------------------|
| ■ Guaranteed Rates                | ■ Guaranteed Rates                | ■ Guaranteed Rates                 | ■ Guaranteed Rates                |
| ■ 18 Mutual Funds                 | ■ 23 Variable Annuity Funds       | ■ 19 Mutual/Variable Annuity Funds | ■ 16 Mutual Funds                 |
| ■ 5 Target Date Funds             | ■ 5 Target Date Funds             | ■ 5 Target Date Funds              | ■ 5 Target Date Funds             |
| ■ Investment planning tools       | ■ Investment planning tools       | ■ Investment planning tools        | ■ Investment planning tools       |
| ■ Local Representatives           | ■ Local Representatives           | ■ Local Representatives            |                                   |
| ■ Self-Directed Brokerage Option* | ■ Self-Directed Brokerage Option* | ■ Self-Directed Brokerage Option*  | ■ Self-Directed Brokerage Option* |

\*\$50 annual fee and possible transaction costs. May buy & sell individual securities.





## How do I enroll?

## Choose a provider

To choose a provider, **ask your co-workers** who participate, which providers give your location good service



OR...



**Call the provider** to get a feel for their services.

The RIC Provider Summary gives sample questions to ask.





## How do I enroll?

Ask the provider to **meet you at your location** as soon as possible.

Enrollment by the 15<sup>th</sup> of a month begins payroll deductions by the first paycheck of the following month.

## Choose a provider



# How do I enroll?

- Choose a provider
- **Decide savings amount**
- Choose investments & complete applications





## How do I enroll?

## Deduction amount

You may contribute as little as \$25/mo (may be changed at anytime) or as much as the annual limits shown below.

### IRS Contribution Limits

Regular 100% of compensation up to:	\$ 16,500
Age 50+* the regular limit + \$5,500:	\$ 22,000
3-year Catch-up up to twice the regular limit	\$ 33,000

The providers have savings calculators to help you plan the amount you should save.

\*50+ Catch-Up cannot be used at the same time as the 3-Year Catch-Up





## How do I enroll?

## Deduction amount

The Gross to Net Calculator can help you determine your take-home pay. Your PA can access this for you.

----- KEY INFORMATION -----			----- CONTROLS INFORMATION -----		
LAST NAME ..... EMPLOYEE			PP IN MONTH: 1 FILING STATUS: S		
FIRST NAME ..... STATE			+----- DEDUCTION INFORMATION -----		
SOCIAL SECURITY: 888-88-8888			FEDERAL WH.: 000 0.00 251.16		
EMPLOYEE NUMBER: 88888			STATE WH...: 01 000 0.00 71.38		
----- EARNINGS INFORMATION -----			OASDI.....: Y 111.14		
ELIG HOURS EARNINGS			MEDICARE....: 25.99		
REGULAR.....: 80.00 1,809.60			RETIREMENT.:EXMPT N PLAN 1 70.57		
OVERTIME....: 2 0.00 0.00			HEALTH INSC: PLAN UN600 0.00		
HOLIDAY OVT: 2 0.00 0.00			DENTAL INSC: PLAN DN600 17.00		
OTHER PAY...: 0.00			LIFE INSC...: PLAN HJ 0.00		
*PAY NOT SUBJ TO RETIRE: 0.00			CR UNION....: 0.00 0.00		
TAXABLE EXP: 0.00			CHAR ORG....: 0 0.00 0.00		
PRETAX: Y PRETAX DATE: 04/17/1995			DEF COMP....PP 3 75.00 75.00		
FED TAX STATUS.: 1			EMP ORG DUE: 0.00		
HOURLY RATE.....: 22.62			FSA/HEALTH.: 0.00 0.00		
ANNUAL GROSS....: 47,049.60			FSA/DEPC....: 0.00 0.00		
GROSS PAY.....: 1,809.60			*OTHR DEDUCT: 0.00 0.00		
			*SEE HELP SCREEN		
			NET PAY.....: 1,187.36		



# How do I enroll?

- Review provider summary
- Choose a provider
- Choose investments & complete applications







## How do I enroll?

- Answer the investor profile questionnaire honestly
- Review the suggested investment mix
- Ask for more explanation if you are not comfortable with the information

## Choose investments



You may change your investment selection at any time with no cost  
Your provider can help you.





## How do I enroll?

## Complete applications

- Don't struggle through the application by yourself
- Provider reps are able to quickly complete applications with you
- Before you sign...be sure you are comfortable with the investments you have chosen- don't feel intimidated



# Look *forward* to retirement

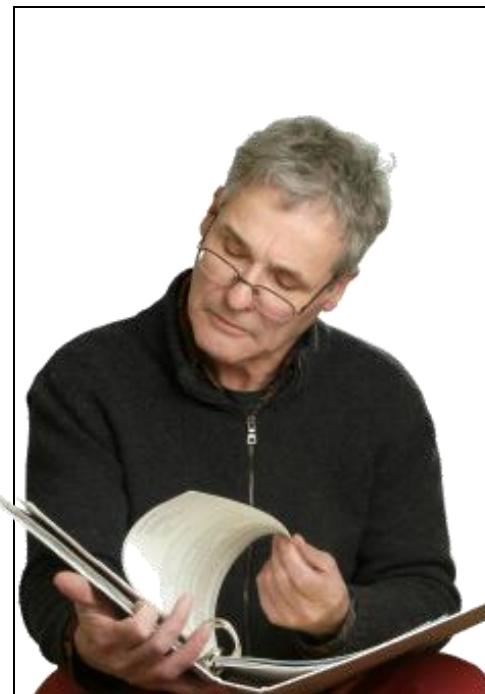
- How does RIC work?
- Why should I save?
- How do I invest?
- How do I enroll?
- **Can I make changes?**
- When can I withdraw?



# Can I make changes?

**You may make changes at any time**

- Payroll deduction amount
- Providers/investments
- Personal/beneficiary info
- Distributions options





# Can I make changes?

# Deduction amount

You may change your payroll deduction amount at **anytime** by completing the State's *RIC Account Form*. Forward it to your personnel assistant or the RIC office.

		<p>Iowa Department of Administrative Services <b>Retirement Investors' Club (RIC)</b></p> <p><b>RIC Account Form</b></p>	
<p><b>Personal Information</b></p> <p><i>Employee ID# is only required if submitting form electronically.</i></p> <p><i>Enter last 4 digits of SSN if submitting electronically.</i></p>	Name _____		Social Security # _____
	Last First MI		<small>Electronic submission requires last 4 digits only</small>
	Birth Date _____ Agency/Dept _____		Employee ID # _____
			<small>Required for electronic submission only</small>
	Address _____ City _____ State _____		
Telephone (work) _____ Telephone (home) _____ Zip _____			
<p><b>457 Payroll Deduction</b></p>	<b>Designate the deduction amount to send to your provider</b>		<b>Designate which paycheck(s)</b>
	AIG Retirement	\$ _____ /Month	<input type="checkbox"/> 1st paycheck of each month
	Hartford	\$ _____ /Month	<input type="checkbox"/> 2nd paycheck of each month
	ING	\$ _____ /Month	<input type="checkbox"/> 1st & 2nd paycheck (equally divided) each month
	MetLife	\$ _____ /Month	<input type="checkbox"/> 3rd paycheck of each month



## Can I make changes?

## Other changes

Contact your provider directly for all other changes.

- Personal information
- Beneficiary designations
- Provider transfers (no penalties for transfers)
- Distributions at termination of employment







## **Can I make changes?**

## **Other changes**

You may change your investment mix online or by calling your provider

### **Original mix:**

Fixed rate account      20%

S&P 500 fund            50%

Small co fund            20%

International fund       10%





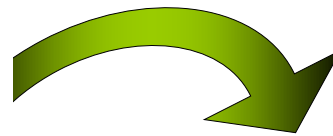
## Can I make changes?

## Other changes

You may change your investment mix online or by calling your provider

### Original mix:

Fixed rate account	20%
S&P 500 fund	50%
Small co fund	20%
International fund	10%



### New mix:

Fixed rate account	50%
Balanced fund	50%

You may redirect all of your money or just redirect future contributions. There is no cost to transfer.



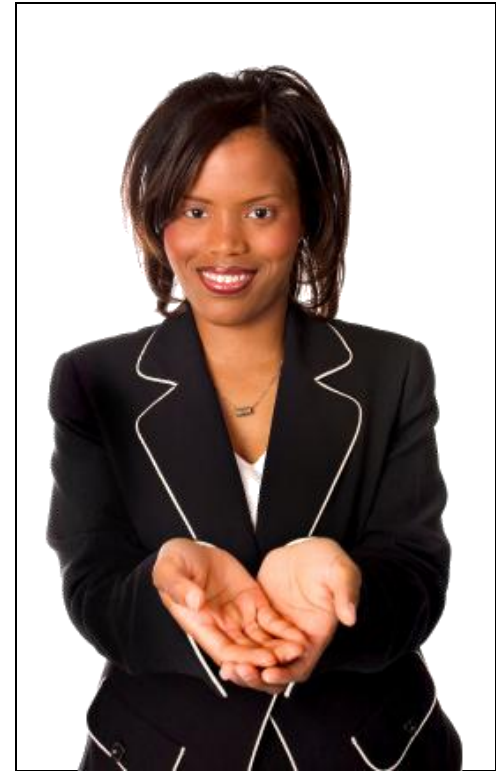
# Look *forward* to retirement

- How does RIC work?
- Why should I save?
- How do I invest?
- How do I enroll?
- Can I make changes?
- **When can I withdraw?**



# When can I withdraw?

- While working
- At termination





## **Can I withdraw?**

## **Payment eligibility**

### **While working:**

- Approved financial hardship
  - Must meet strict federal guidelines
  - Funds available from your 457 account only
- Eligible cash out provision
- Age 70½
- Service credit purchase





## Can I withdraw?

## Payment eligibility

### At termination from employment:

- Stay invested in RIC
- Rollover your account (non-taxable)
- Take a taxable payment
  - flexible payment options
  - 457 money is available at any age with no penalties or restrictions



Contact your provider to request a distribution form. The State is not involved in distributions after termination of employment.







## Can I withdraw?

## Options at termination

### IRS tax treatment of cash payments



- Taxed as ordinary income
  - Not subject to IRS age limitations
- Taxed as ordinary income
  - Subject to IRS 10% penalty prior to age 59 ½

# Look *forward* to retirement

- How RIC works
- Why we should save
- How to invest
- How to enroll
- How to make changes
- When to withdraw



# Look *forward* to retirement

- How does RIC work?

- Why should I have?

- How much should I contribute?

- Can I make changes?

- When can I withdraw?

**ENROLL TODAY!**



# ENROLL TODAY!

## Time is money

Even waiting 1 year to get started with RIC can mean big dollars you'll miss.

Annual Investment	Starting Age	Results at age 65
\$1,000	35	\$ 122,356
\$1,000	36	\$ 112,283
Cost of waiting only 1 year...		\$ 10,073

Assumes average 8% earnings rate



# ENROLL TODAY!

## Time is money

**Beth age 21**  
begins to  
contribute  
\$3,000/yr



# ENROLL TODAY!

## Time is money

**Beth age 21**

begins to  
contribute  
\$3,000/yr



**Beth age 36**

stops saving (total  
contributions \$45,000  
over 15 years)





# ENROLL TODAY!

## Time is money

**Beth age 21**

begins to  
contribute  
\$3,000/yr



**Beth age 36**

stops saving (total  
contributions \$45,000  
over 15 years)



**Stuart age 36**

begins to contribute  
\$3,000/yr



# ENROLL TODAY!

## Time is money

**Beth age 21**

begins to  
contribute  
\$3,000/yr



**Beth age 36**

stops saving (total  
contributions \$45,000  
over 15 years)



**Stuart age 36**

begins to contribute  
\$3,000/yr



**Stuart age 65**

stops saving (total of  
\$87,000 over 29 years)



# ENROLL TODAY!

## Time is money

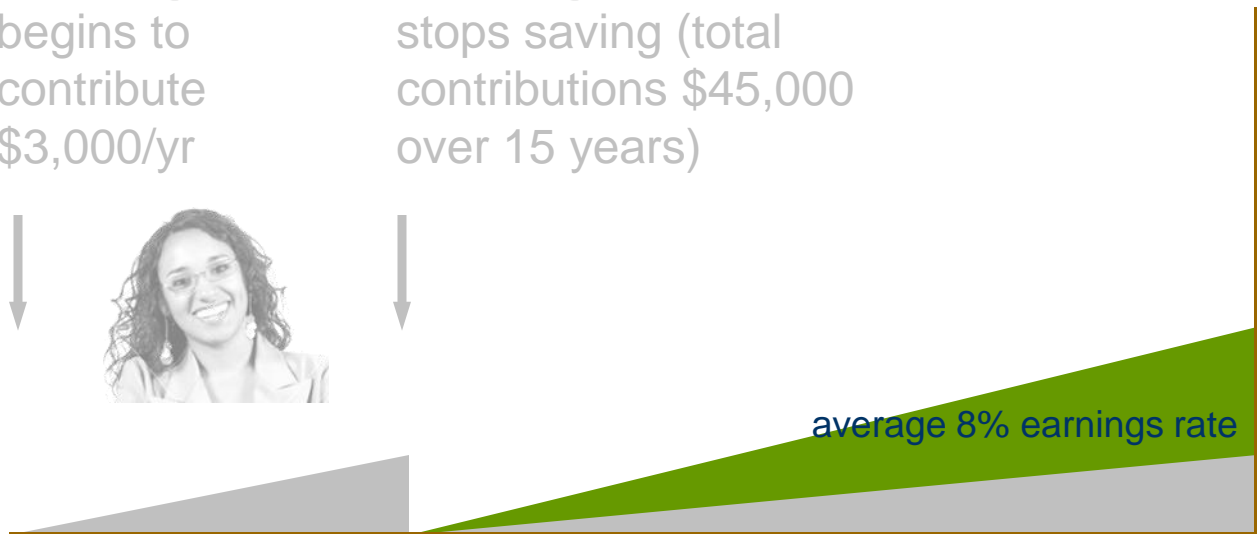
**Beth age 21**

begins to  
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**Beth age 36**

stops saving (total  
contributions \$45,000  
over 15 years)



**Stuart age 36**

begins to contribute  
\$3,000/yr



**Stuart age 65**

stops saving (total of  
\$87,000 over 29 years)



Stuart's retirement  
savings at age 65



**\$367,038**

# ENROLL TODAY!

## Time is money

**Beth age 21**  
begins to  
contribute  
\$3,000/yr

**Beth age 36**  
stops saving (total  
contributions \$45,000  
over 15 years)

**\$885,241**

Beth's savings  
at age 65



average 8% earnings rate

**\$367,038**

**Stuart age 36**  
begins to contribute  
\$3,000/yr



**Stuart age 65**  
stops saving (total of  
\$87,000 over 29 years)

# Want more information?

**Attend other sessions** You may re-register for another iLinc session at anytime.

**Have your PA schedule sessions** on other topics

- Introduction to RIC
- Investment Basics
- Distributions
- Ready, Set, Retire (IPERS)
- Group Insurance Benefits



# If you still have questions...

- Contact the providers

VALIC



- Contact us through the RIC website  
<http://ric.iowa.gov>
- Call the RIC office at 515-242-6846
- Email me [robbie.stoecker@iowa.gov](mailto:robbie.stoecker@iowa.gov)



# Thank you for attending today's session!

Please complete the survey in my follow-up email